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SUBJECT: MALAWI HIGHLIGHTS

REF: A. LILONGWE 696  
[1](#)B. LILONGWE 650

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[1](#)1. (U) The following is a compilation of recent highlights in Malawi.

MULUZI RETIRES - JUMBE TO LEAD UDF  
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[1](#)2. (SBU) Former Malawian President and United Democratic Front (UDF) leader Bakili Muluzu has announced his retirement from politics. Famous for defeating "President for Life" Kamuzu Hastings Banda in the first Malawi multi-party elections in 1994, serving two terms, and then being denied a much desired third term in 2004, Muluzi cited the need to spend more time with his family as the reason for his departure. Recently returned from the UK where he was undergoing treatment for back problems, Muluzi still faces corruption charges in Malawi. Friday Jumbe, a UDF stalwart and former finance minister, will lead the UDF as National Chairman until the party holds a national convention slated for 2010. The new Chairman's first task will be to find money to run the party, as Muluzi made it clear that, "It is up to Jumbe and his friends in the party to look for funding. They will not depend on me for funding."

MALAWI'S SPEAKER OF THE HOUSE SPEAKS  
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[1](#)3. (SBU) In a wide ranging conversation with the Ambassador on December 23, Speaker of the General Assembly Chimunthu Banda (protect) spoke candidly about criticisms being leveled at the ruling Democratic Progressive Party (DPP), and the future of local government elections (ref A). Banda was adamant that the DPP's actions in the recently concluded Parliament session, viewed by many as riding roughshod over the opposition, must be viewed "in a historical context." Characterizing the DPP's methods of control as a "natural reaction," to the way the opposition "abused" power when they controlled Parliament, Banda insisted that worries regarding the strength of the DPP were exaggerated and that, "...the nation is quiet about this." When asked by the Ambassador if long promised legislation on local government elections would be forthcoming, the Speaker confided he expected government to table a bill in January 2010. The bill will contain a provision outlining a system for tripartite elections with presidential, parliamentary, and local government elections to be held on the same day. Banda stated that the bill will also cause a major overhaul of the structure of local

government in Malawi. Rounding out the meeting, the Speaker enthusiastically accepted the Ambassador's offer to host a "constituent services" seminar for MPs. Post's Poloff, a former congressional staffer, will chair the seminar.

#### HOME AFFAIRS MINISTER - DON'T WORRY ABOUT SEARCHES

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14. (SBU) In a recent meeting with GOM Minister of Home Affairs and Internal Security Aaron Sangala, the Ambassador reiterated Post's willingness to assist with training to help better secure Malawi's borders. Noting the special importance of Malawi's northern frontier with Tanzania, Sangala stated that he would gratefully accept USG training assistance. Regarding the recent passage of a new Police Bill that authorized warrantless searches in Malawi, the Ambassador stressed the need for strong administrative review of the implementation of this new power in order to avoid its misuse. Minister Sangala assured the Ambassador that, "...a senior officer will always be present during searches," and that controls at the Ministry level were being developed. To end the meeting, the Ambassador asked about problems U.S. missionaries and aid workers had encountered in Malawi obtaining employment permits. Admitting that the work being done by these U.S. citizens in Malawi was critical, Sangala readily agreed to the suggestion that he meet with them and smooth the issuance of permits.

#### BINGU SEEKS TO CHANGE MALAWI'S FLAG

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15. (SBU) President Bingu wa Mutharika's government has called for replacing the rising sun on Malawi's flag with a fully risen sun to, "...align it with the current political and

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democratic realities (and) social and economic development achievements and aspirations that Malawians are experiencing and cherishing." Despite a government press release that states its "intention to change the flag," the Government has sought public input on the question. Pointing to the recent forex and fuel shortages in Malawi (ref B), as well as concerns over the current direction of government, some observers have belittled the idea as a distraction and a waste of scarce resources. One prominent opposition party member was quoted as saying, "They need to focus on things that can improve lives. It should be the last thing on our agenda as a country."

#### LABOR UNREST ADDS TO ESCOM'S WOES

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16. (SBU) Malawi's Anti-Corruption Bureau (ACB) has stepped in to halt a strike by workers for the Electricity Supply Company of Malawi (ESCOM), the country's parastatal electrical utility. Since early December, ESCOM workers have been staging sit-ins in protest of the cancellation of Christmas bonuses. Reinstatement of 50 workers fired in connection with the industrial action has become an additional demand for the strikers. Although negotiations between ESCOM management and the workers' union had been underway to seek a resolution to the dispute, on December 14 the ACB intervened to suspend all negotiations or settlements, pending the outcome of its investigations and any subsequent prosecutions. The ACB has been investigating alleged financial mismanagement at the cash-strapped utility, following reports that it spent USD 560,000 on a Christmas party and gifts last December.

#### MALAWI INVESTMENT DOWN 23 PER CENT

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17. (SBU) Figures from the Malawi Investment Promotion Agency (MIPA) show 2009 investment totaling USD 109 million, down from 2008's record high of USD 143 million. Much of the decline has been attributed to the global financial and

economic crisis. With 51 percent of the year's investment pledges recorded between July and September, some commentators have also argued that national elections in May adversely affected investment plans, as potential investors took a wait-and-see approach until after the polls. Business surveys have identified unreliable power, water shortages, poor telecommunications infrastructures and high costs of services as barriers to investment. Government's failure to address these issues has left many investors cool on Malawi, despite the GOM's expressed interest in attracting more investment. The annual Investment Climate report (septel) will provide a complete overview of the opportunities and obstacles for investors in Malawi.

#### "MADE IN MALAWI" CIGARETTE BEGINS PRODUCTION

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18. Nyasa Manufacturing Company (NMC), a new greenfield venture, has announced the launch of Malawi's first domestically produced cigarette, branded as "2010." Until now, 100 percent of Malawi's tobacco crop has been exported, generating over 60 percent of the country's total foreign exchange earnings. The mantra of the Mutharika administration, however, has been to transform Malawi from "a predominantly importing and consuming country to a producing and exporting country," and the current budget included explicit tax breaks for domestic cigarettes as an incentive to invest in value-added processing. Established with an investment of USD 1.7 million, NMC is expected to employ 120 people at full production. In addition to supplying the local market, NMC hopes to export regionally, and has already registered the "2010" brand in Mozambique and it has sent samples to Tanzania and Zambia. While the market reception for "2010" cigarettes remains to be seen, NMC has already fun afoul of the Ministry of Health and the Consumers Association of Malawi, which have taken the company to task for an advertising campaign described as illegal.

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